

Rating Report

Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for the Bank Loan Facilities aggregating ₹17 Cr of APC Drilling & Construction Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of ₹ 17 Cr of APC Drilling & Construction Pvt Ltd Limited (*APCDCPL* or 'the company').

Facility (Existing)	Amount (₹Cr)	Tenure	Rating
Fund Based Overdraft	12.00	Long term	BWR BB(-) (Pronounced BWR Double B Minus) Outlook : Stable
Non Fund Based Bank Guarantee	5.00	Short term	BWR A4 (Pronounced BWR A Four)
Total	17.00	(INR Seventeen Crores only)	

BWR has principally relied upon the audited financial results up to FY14, provisional financials up to 31st Oct, 2014, publicly available information and information/clarifications provided by the company.

The ratings reflect the experienced management, medium term revenue visibility and sustained operating profit margins of the company. The ratings are, however, constrained by the company's medium scale of operations, high gearing and weak debt protection metrics and high intensity of competition from unorganized sector.

Background:

APC Drilling & Constructions was started as a partnership firm in the year 1999 with family members as Partners. The firm was into water drilling for more than 9 years. Since 2009, the firm has been diversified its operation into core and diamond drilling for mining companies and it has ventured with other companies for sampling & testing soil report. Company is currently headed by brothers Mr.A.Pari and Mr.A.Chandran.

The company has drilled near to about 500000 Sq.ft till date. On 6th June 2014, the partnership firm was reconstituted into a private limited company.

The company is fetching order from Government/Private auction. Company has skilled work force and the team includes adept engineers from Drilling, Hydraulics, and Mechanical engineering space along with helpers and field workers.

The strategy of APC Drilling focuses on Identifying, Exploring, Evaluating and acquiring mineral resource projects that have the ability to outline and define sustainable mineral resource for mine development in India and in other countries.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Induction programs are conducted on a regular basis to train employees, drilling contractors, and others on site such that wastes are disposed appropriately. The crew members conduct a thorough research on the worksite taking into account the ecological factors along with health and safety of employees so as to avoid environmental damage.

Management Profile:

APCDCPL is managed by Mr.A.Pari, and Mr.A. Chandran , both are well experienced in the drilling industry for more than 15 years.

Financial Performance:

In FY14, the company made revenue of Rs 35 Crs compared to Rs.30.54 Crs in FY 13, Operating profit margin has improved from 21.80% to 23.50% in FY 14.

Net profit margin has improved from 5.53% to 7.31%. As per achieved results upto 31.10.14, the sales achieved is reported as Rs.14.68 Crs and profit of Rs.0.73 Crs.

Tangible networth of the company as on 31.3.14 is Rs. 7.65 Cr which has improved to Rs.23.36 Crs on 31.10.14.

Rating Outlook

The outlook of the company is expected to be stable over the medium term. Going forward, the company's ability to execute the order book in a timely manner while sustaining profitability margins, ensure need based financial support from the promoters and achieve overall efficient working capital management will be the key rating sensitivity factors.

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Annexure I: Profit and Loss account of APC Drilling & Construction P Ltd (Rs in Crs)

Profit and Loss Account

Crores	31/Mar/2012	31/Mar/2013	31/Mar/2014
Result Type	Audited	Audited	Audited
Gross Sales	30.08	30.54	35.07
Traded Goods Sales	0.00	0.00	0.00
Excise Duty/Sales Tax	0.00	0.00	0.00
Net Sales	30.08	30.54	35.07
Other Operating Income	0.00	0.00	0.28
Total Operating Income	30.08	30.54	35.35
Operating Expenses	23.34	23.35	27.04
OPBDIT	6.74	7.20	8.31
Depreciation/Amortization/Impairment	2.36	2.27	2.18
OPBIT	4.39	4.93	6.13
Interest and Finance Charges	2.32	3.33	3.60
OPBT	2.06	1.59	2.53
Non Operating Income(Expenses)	0.04	0.23	0.06
PBT	2.10	1.82	2.58
Extraordinary/Prior Period - Income(Expense)	0.00	0.00	0.00
Provision for Taxes	0.00	0.00	0.00
PAT(Continuing Operations)	2.10	1.82	2.58

Annexure II: Balance Sheet of APC Drilling & Construction P Ltd (Rs in Crs)

Balance Sheet			
Crores	31/Mar/2012	31/Mar/2013	31/Mar/2014
Liabilities			
EQUITY AND RESERVES	4.89	6.35	7.65
Share capital	2.78	4.53	5.07
Preference Share Capital/Quasi Equity	0.00	0.00	0.00
Reserves and Surplus	2.10	1.82	2.58
Revaluation Reserve	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00
Non-current liabilities	9.53	17.82	10.92
Long-Term Borrowings	9.53	17.82	10.92
Deferred tax Liabilities (Net)	0.00	0.00	0.00
Other Long Term liabilities	0.00	0.00	0.00
Long-Term Provisions	0.00	0.00	0.00
Current liabilities	10.10	10.78	19.55
Short-Term Borrowings	8.20	7.98	15.64
Current Portion Of Long Term Debt	0.00	0.85	1.70
Trade Payables	1.42	1.95	1.81
Other Current Liabilities	0.22	0.00	0.01
Short-Term Provisions	0.26	0.00	0.39
Total Liabilities	24.52	34.95	38.11
ASSETS			
Non-current assets	14.55	13.39	12.99
Net Fixed assets	14.55	13.39	12.99
Capital Work-In-Progress	0.00	0.00	0.00
Net Intangible assets	0.00	0.00	0.00
Non Current Investments	0.00	0.00	0.00
Deferred Tax Assets (Net)	0.00	0.00	0.00
Long Term Loans and Advances	0.00	0.00	0.00
Other Non Current Assets	0.00	0.00	0.00
Current assets	9.96	21.56	25.12
Current Investments	0.00	0.00	0.00
Inventories	1.52	5.00	7.24
Trade Receivables > Six Months	0.00	0.00	0.00
Trade Receivables < Six Months	5.99	13.74	7.34
Cash and Cash Equivalents	0.21	0.28	0.23
Short-Term Loans and Advances	1.14	1.70	10.23
Other Current Assets	1.10	0.84	0.09
Total Assets	24.52	34.95	38.11

Annexure III: Key financial ratios*

Particulars	31.3.2012	31.3.2013	31.3.2014
	Audited	Audited	Audited
Tangible Net Worth	4.89	6.35	7.65
Capital Employed	22.62	33.00	35.91
Total Debt/TNW	3.63	4.20	3.69
Long Term Debt/TNW	1.95	2.81	1.43
TOL/TNW	4.02	4.50	3.98
ISCR	3.11	2.16	2.31
DSCR	3.13	1.58	1.88
Net Cash Accruals/Total Debt	0.28	0.15	0.17
Net Cash Accruals/Long Term Debt	0.52	0.23	0.44
Net Profit Margin	8.58	5.53	7.31
Operating Profit Margin	24.00	21.80	23.50
ROCE	21.50	17.72	17.79
Current Ratio	0.99	2.00	1.29
Days Receivables	73	109	110
Days Inventory	26	49	88
Days Payable	65	82	109

*calculations are based on BWR definition